

**Testimony of
Dennis O'Neil, Legislative Director
Council 4, AFSCME AFL-CIO
before the Labor Committee
on H.B. 6333 and H.B. 6678
February 20, 2007
AFSCME Council 4, 444 East Main Street, New Britain, CT**

Proposed Bill No. 6333, a concept bill establishing a state health care pool to cover all Connecticut residents. I will also comment in support of H.B. 6678 requiring health insurers to spend no more than 12.5% of premiums on administration and profit.

Council 4 AFSCME supports the intent of H.B. 6333 to provide universal coverage and believes that H.B. 6678 is a necessary companion to any state health care reform. The time is right to pass a universal health plan that provides comprehensive, affordable health care to all residents, one which helps slow cost growth for those already insured and struggling with rising prices.

Most AFSCME members have good health benefits, yet they consistently rate universal coverage and affordability as a top issue concern. Our members feel the insecurity and crisis in the system firsthand. They grapple with attacks on their health benefits and with uninsured and underinsured family and friends. They are hurt by the impact of health cost-shifting onto the public sector that causes job loss or shifts in resources that diminish their working conditions.

There is a real opportunity this year to change course. The idea of pooling risk is central to this debate, and this can be done as H.B. 6333 proposes, or in other ways. As our first priority, Council 4 has endorsed single payer, a system where our state government would finance the provision of health care rather than private insurance plans. This system would be similar to an enhanced Medicare program for all residents. It would allow the purchase of supplemental coverage as Medicare does now, and would best control costs and provide relief to employers.

That being said, as an interim step towards universal, AFSCME would and has supported the proposal outlined by HB 6333 with certain caveats. In fact, we are already working on putting a version of this plan out to bid this very month non-legislatively with Comptroller Wyman called "Mega-MEHIP". Mega-MEHIP which would consolidate and expand the existing Municipal Employees Health Insurance Pool (MEHIP).

H.B. 6333 as now sparsely worded could be interpreted in at least two ways. It could amend the state employee health care plan to allow all residents to participate, or could allow a look-alike pool to be created. Council 4 has done extensive research on both ideas. Both would save consumers and the state money, and we support both under the right pre-conditions.

Opening up the State Employee Pool, however, is much more challenging to implement, and requires changes to longstanding labor-management agreements that will not expire for many years. Thus, for the last two years, AFSCME has worked with Comptroller Wyman to put out an RFP in February 2007 to insurers that would change MEHIP from offering a single health design

with different prices based on the individual experiences of each group. In essence, MEHIP is a pool of pools. But Mega-MEHIP would create one large pool to cover over 100,000 lives, where all towns and other participants would pay the same rates and save money. This will enhance our bargaining power, pool risk more broadly, and create a less expensive health care plan for municipalities and employees that offers more affordable coverage to entire families.

H.B. 6333, however pursued, would not be a traditional single payer system, but it has the promise of covering all residents and also containing costs. It could also be part of a modified single payer system, and we would encourage the legislature to look at hybrid models of universal coverage which could move us towards the most efficient system.

Either way, substantial subsidies for workers and employers would be needed to ensure affordable coverage under H.B. 6333 as currently worded. The passage of H.B. 6678 would also help ensure that we would get the most for our money if the new state pool health plan was not self-insured and was provided only by private insurers. (In fact, the state would be better off self-insuring rather than continuing to "fully-insure", which is the way that MEHIP and the State Employee Health Plan now operate. Under a fully-insured system, there is a single pool of customers, but the financing of the pool is broken up among different private insurers who each bear the risk individually. This takes out efficiencies and cost-savings in the system.)

Given that there is real possibility this year in Connecticut to pass broad-based reforms, we believe we should develop both H.B. 6333 and H.B. 6678 further so that we can fully consider them as viable options or components within a uniquely Connecticut universal health plan.